

EXPENDITURES

The FY 2009 Operating Budget

The FY 2009 Operating Budget totals \$376.9 million, which is an increase of \$13.7 million or 3.8% from the FY 2008 budget of \$363.2 million.

Ongoing additions to the budget total \$13.2 million. These additions are attributable to

- employee merit and pay range adjustments,
- public safety and elected officials retirement system increases,
- public safety staffing, equipment and operating expenses,
- electricity and utilities increases, and
- operations and maintenance expenses related to new or expanded city facilities including the new downtown parking garage's Promenade at Paltaire, the Equestrian Staging Area at the Grand Canal Linear Park and the Western Area Regional Park to name a few.

One-time additions to the budget account for \$12.9 million. These additions will not recur in future years, and include costs related to

- equipment purchases for both new and existing facilities,
- neighborhood improvement grants,
- contractual services for the Westgate area and other major developments,
- additional electricity and utilities expenses that will be added to the ongoing budget in FY 2010 once the full impact of future rate increases is known,
- pay-as-you go capital projects and
- other one-time expenditures required to outfit new hires throughout the city, including 52 public safety personnel.

Operating Budget Changes

There are several significant additions to the city's operating budget. In FY 2009, public safety was once again a priority, but City Council still managed to address critical operating needs throughout the organization as well. In fact, the overall staffing throughout the organization was increased to meet the everyday demand for city services. The City's authorized staffing increased by 104.0 full-time equivalents (FTE's) over last year. Examples of some of the permanent positions and other significant non-staffing additions to the FY 2009 budget include:

- The Police Department is adding 41 permanent positions in the FY 2009 budget using funding from the public safety sales tax adjustment that Glendale voters approved in a September 2007 election. These positions within the Police Special Revenue Fund include 16 police officers, six detectives, two background investigators, two accident investigators, two motor officers, and two booking expeditors to name a few.

- Other Police Department non-staffing related base budget increases addressed needs for prisoner maintenance costs at the Maricopa County jail system, overtime, vehicle and systems maintenance, patrol cars, motor fuels and equipment to outfit public safety personnel. These additions account for \$4.5 million ongoing and \$1.8 million one-time and are augmented by \$880,000 of one-time GF monies for prisoner maintenance costs.
- The Fire Department will be adding 11 permanent positions within the Fire Special Revenue Fund including four fire fighters, one fire protection engineer, one emergency medical services captain, one emergency medical services analyst, one health and safety division chief, one community services education captain and two service workers.
- Other Fire Department non-staffing related base budget increases addressed needs for costs associated with dispatching and communications through the Phoenix Regional Dispatch service, emergency medical services overtime, vehicle repairs, motor fuels and training. These additions account for \$2.6 million ongoing and \$1.3 million one-time and are augmented by another \$65,273 ongoing and \$225,000 of one-time GF monies.
- The Transportation Department added \$79,343 in ongoing funding and \$488,000 in one-time funding within the Transportation Fund. The funding will be used to cover increasing costs associated with fixed route public transit services, shop and fuel increases, bus stop maintenance, GO! Program audit expenses and operations and maintenance costs associated with newly completed construction projects.
- The Utilities Department added 1 new position. However, non-staffing additions to address rising electricity rates will cost \$600,000 and wastewater treatment expenses at the Sub Regional Operating Group facility will cost another \$500,000. These two items are the driving forces behind the \$1.1 million that will be added to the Utilities ongoing base budget in FY 2009.

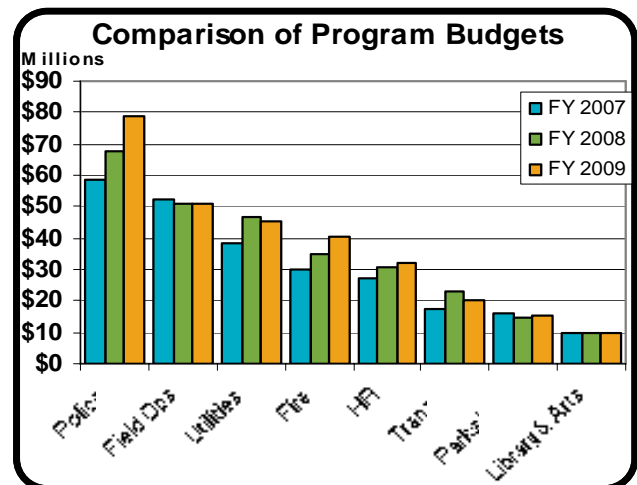
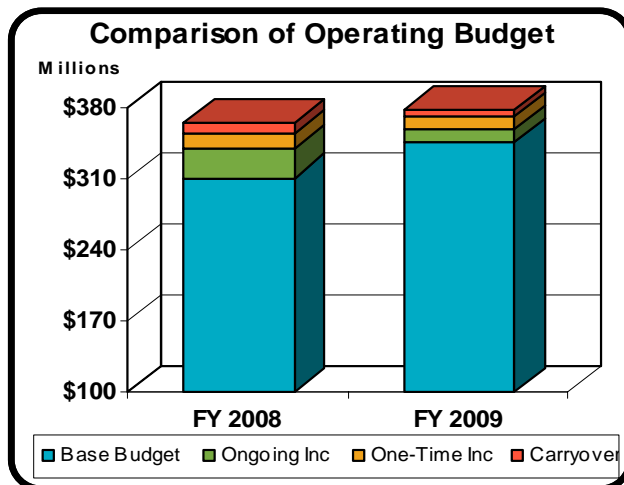


Table 2 includes the ongoing and one-time supplemental requests for various city departments. It also calculates the percentage increase for the department from the FY 2008 operating base budget.

Table 2: Selected FY 2009 Budget Supplementals
 (All Dollars in Thousands)

Department	Amount	Base Budget % Increase
Police Department	\$7,218	10.1%
Fire Department	\$4,204	11.6%
Utilities	\$1,100	2.5%
Building Safety	\$972	27.0%
Transportation	\$953	5.0%
Field Operations	\$745	1.5%
City Attorney	\$704	25.5%
Neighborhood Imp Gr	\$600	83.0%
City Court	\$527	11.2%
Parks & Recreation	\$465	3.2%
Engineering	\$384	9.9%
Intergovt. Programs	\$253	49.2%
Marketing and Comm.	\$220	5.5%
Economic Development	\$156	10.6%
Rebates & Incentives	\$150	3.2%
Comm. Action Program	\$118	26.2%
Homeland Security	\$87	9.2%
Community Dev Admin	\$67	58.7%
City Manager	\$59	4.4%
City Clerk	\$30	4.2%
All Other (Includes Total Comp/Ret.)	\$7,082	8.4%
Total Supplementals	\$26,093	7.4%



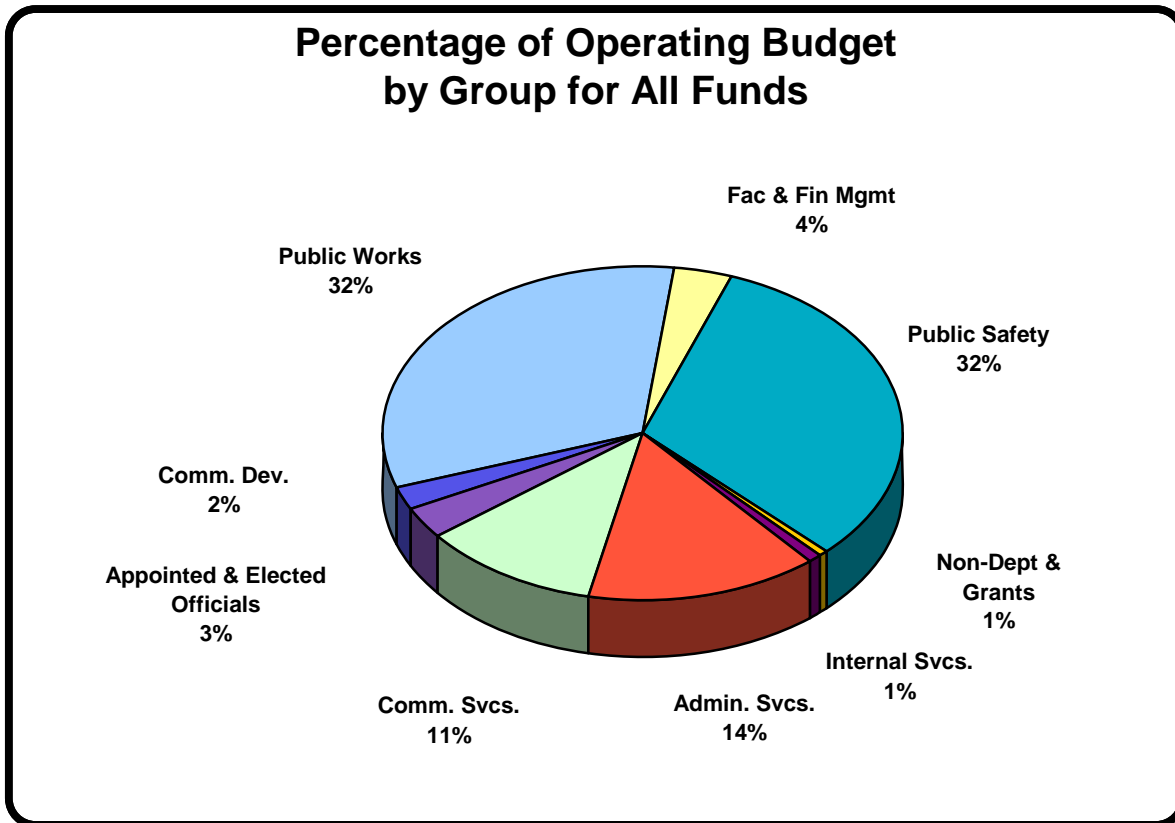
Operating Budget Summary

In most cases, Glendale’s fund structure coincides with the city’s organizational and program structure. Table 3 shows the year over year changes in the operating budgets for some of the City’s largest operating funds. It is sorted in descending order based upon the size of the FY 2009 operating budget. The “other” category includes approximately 25 remaining internal service, grant and/or special revenue funds.

Table 3: Operating Budget Summaries FY 2008 & FY 2009

(All Dollars in Thousands)

Fund	2008 Budget	2009 Budget	2009 vs. 2008
General-1000	\$172,173	\$168,725	-2.0%
Water and Sewer-2360	\$51,994	\$50,500	-2.9%
Benefits Trust Fund-2580	\$23,066	\$24,481	6.1%
Police Special Revenue-1700	\$4,002	\$16,370	309.0%
Sanitation-2480	\$14,693	\$14,823	0.9%
Transportation Sales Tax-1660	\$15,634	\$13,067	-16.4%
Highway User Gas Tax-1340	\$13,965	\$12,940	-7.3%
General Services-1040	\$9,206	\$9,774	6.2%
Grants-1840	\$8,707	\$9,059	4.0%
Pub Housing Budget Activities-2500	\$8,707	\$8,761	0.6%
Fire Special Revenue-172	\$2,071	\$8,632	316.8%
Landfill-2440	\$7,545	\$7,346	-2.6%
PC Replacement-1140	\$2,608	\$3,765	44.4%
C.D.B.G.-1320	\$4,119	\$3,093	-24.9%
Vehicle Replacement-1120	\$3,030	\$3,030	0.0%
Stadium Event Operations-1281	\$0	\$3,017	n/a
Risk Management Self Insurance-2540	\$2,760	\$2,760	0.0%
Training Facility Revenue Fund-2530	\$2,188	\$1,931	-11.7%
Stadium City Sales Tax-1790	\$1,700	\$1,700	0.0%
Home Grant-1300	\$1,594	\$1,418	-11.0%
Workers Comp. Self Insurance-2560	\$1,407	\$1,407	0.0%
Other	\$12,062	\$10,271	-14.8%
Total Operating Budget	\$363,230	\$376,870	3.8%



The largest operating group, regardless of funding source, is Public Works, which accounts for \$120.9 million or 32.1% of the total operating budget. This group includes the Engineering, Field Operations, Transportation and Utilities departments. Among the many services that these departments provide are the following:

- design and construction management for all city capital projects;
- solid waste collection and disposal services and processing of recyclable products;
- building and equipment maintenance services for city vehicles and facilities;
- street and right-of-way maintenance;
- transportation planning, traffic engineering, traffic signs and striping, street lighting and transit services; and
- water/sewer treatment and transmission services.

The second largest group is Public Safety at \$120.5 million, which makes up 32.0% of the total operating budget. Services provided by this group include

- police and fire protection;
- emergency medical services;
- related support services such as 9-1-1 dispatch, short-term detention, and community education; and
- development of plans for responding to natural disasters and other types of emergencies.



Glendale's Police Department is accredited through the independent Commission on Accreditation for Law Enforcement and the Fire Department is accredited by the Commission of Fire Accreditation International.

The Administrative Services Group accounts for \$54.0 million or 14.3% of the total operating budget. Departments within this group include Finance, Human Resources, Information Technology and, Management & Budget, as well as specialty departments to account for and track lease payments and fees and employee groups. Some of the services these departments provide include

- financial accounting, payroll services and revenue collection services;
- personnel services related to recruiting, hiring and training staff;
- information systems development and management;
- budget development and management; and
- grants development and oversight.

The Community Services Group provides services that are probably the most visible to the public and includes the following departments: Code Compliance, Community Partnerships, Library & Arts and Parks & Recreation, as well as specialty departments that address Neighborhood Improvement Grants and Residential Infill Housing. The services include

- responsive and proactive inspections and subsequent case resolution to protect neighborhoods from the negative impact of blight and deterioration;
- parks, open space and recreational activities for residents;
- library services;
- citizen education and neighborhood partnership programs; and
- rental assistance and housing services for eligible applicants under the Section 8 and Low Rent Public Housing programs, which are federally funded.

This group accounts for 11.3% of the total operating budget, or \$42.5 million.

The Facilities and Financial Management Group represents 3.7% or \$14 million of the total operating budget. Departments in this group include the Civic Center in downtown Glendale, Economic Development, Marketing and Communications, Convention Center/Media Center/Parking Garage and specialty departments to account for rebate/incentive programs. Some of the services these departments provide include the provision of

- competitively priced meeting space and related services for business, social and other special events;
- programs to attract and retain businesses that create jobs, increase the tax base, improve land values and enhance central city vitality; and
- the production and oversight of Glendale's print and electronic communications.

This group also is responsible for positioning and marketing the Glendale Media Center, which includes the city's cable television Channel 11, for both the local and national media. This new facility was developed in conjunction with the Renaissance Hotel, Spa and Conference Center in the Westgate area.

The Appointed and Elected Officials Group is made up of departments whose department heads are appointed by the Mayor and Council or are elected to office. The group accounts for 2.9% or \$11 million of the operating budget and includes the operation of the Mayor's Office, City Council Office, City Clerk's Office, City Attorney's Office and the City Court.

The Community Development Group represents 2.3% or \$8.7 million of the total operating budget. Departments in this group include Building Safety, Environmental Resources and Planning. Some of the services these departments provide include

- the issuance of building permits and provision of inspection services related to new construction;
- water conservation programs for residents and city departments, water quality testing services for the city's drinking water and reclaimed water services, and long-term water resource planning; and
- long range planning, current planning and zoning administration related to proposed land uses.

The Internal Services Group includes those operations reporting directly to the city manager or assistant city manager. These departments account for 0.8% or \$3.2 million of the total operating budget. They include the City Auditor, City Manager's Office, Community Action Program and Intergovernmental Programs. Some of the services these departments provide include

- audit and consulting services to management; and
- coordination of the city's dealings with federal, state and other local governments.

Non-departmental expenses include annual dues for membership agencies like the National League of Cities and Maricopa Association of Government, outside legal fees, unemployment benefit payments, etc. Non-Departmental and miscellaneous grant administrative expenses account for little over 0.6% or \$2.1 million of the operating budget.



Staffing and Personnel Issues

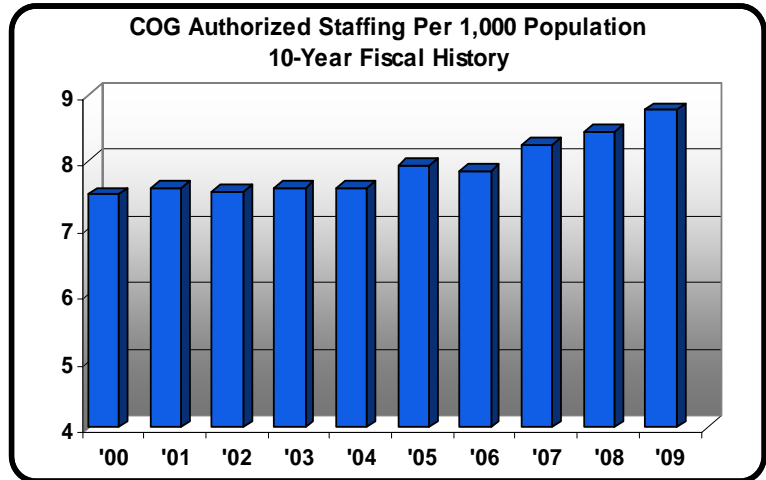
As with any service organization, personnel costs are a significant part of the total operating budget of the city. Table 4 provides a comparison of staffing levels in recent years.

Table 4: Staffing Levels by Fund
(Full-Time Equivalents)

Fund	2004-05	2005-06	2006-07	2007-08	2008-09
General-1000	1,260.91	1,300.26	1,388.76	1,411.76	1,403.76
Water and Sewer-2360	191.25	200.25	220.25	241.25	242.25
Police Special Revenue-1700	33.00	33.00	33.00	42.00	118.00
Highway User Gas Tax-1340	96.00	96.00	97.00	97.00	98.00
Sanitation-2480	68.00	69.00	70.00	75.00	78.00
Transportation Sales Tax-1660	42.25	43.25	49.25	50.25	50.25
Fire Special Revenue-1720	18.00	18.00	18.00	21.00	50.00
General Services-1040	42.00	39.00	42.00	42.00	42.00
Landfill-2440	38.00	39.00	42.00	43.00	41.00
Pub Housing Budget Activities-2500	25.00	25.00	25.00	25.00	25.00
Training Facility Revenue Fund-2530			4.00	12.00	12.00
C.D.B.G.-1320	8.75	8.75	8.75	8.75	8.75
Civic Center-1740	6.00	6.00	7.00	7.00	7.00
CAP Grant-1820	6.50	7.00	7.00	7.00	7.00
Airport Special Revenue-1760	5.00	5.00	5.00	5.00	5.00
Parks & Recreation Self Sust-1880	4.00	5.00	5.00	5.00	5.00
Grants-1840	4.00	3.00	3.00	4.00	4.00
Stadium Event Operations-1281					2.00
Arena Event Operations-1282					2.00
Telephone Services-1100	1.00	1.00	1.00	1.00	1.00
PC Replacement-1140				1.00	1.00
All Other	25.50	17.50	5.50	1.50	1.50
Total	1,875.16	1,916.01	2,031.51	2,100.51	2,204.51

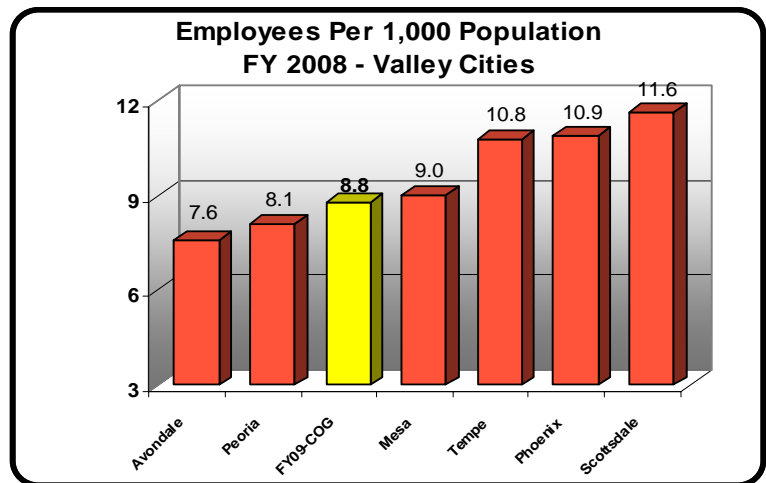
Overall, the city takes a conservative approach to adding new positions and expanding its service delivery system to ensure that basic services can be sustained regardless of revenue and expense fluctuations. Staff increases are typically closely tied to population growth.

The FY 2009 budget shows an increase in total authorized staffing by 104 full-time equivalents (FTEs). The majority of the staffing increases are concentrated in public safety but some of the other departments receiving additional staff include the City Manager’s Office, City Attorney’s Office, and the Marketing & Communications and Transportation Departments. Schedule 6, found in the *Schedules* section of this document, provides detail on the city’s authorized staffing by position for all departments.



The total authorization of 2,204.51 FTE positions will serve an estimated population of 251,333 by July 2008. This results in a staffing ratio of 8.77 employees per 1,000 residents in FY 2009.

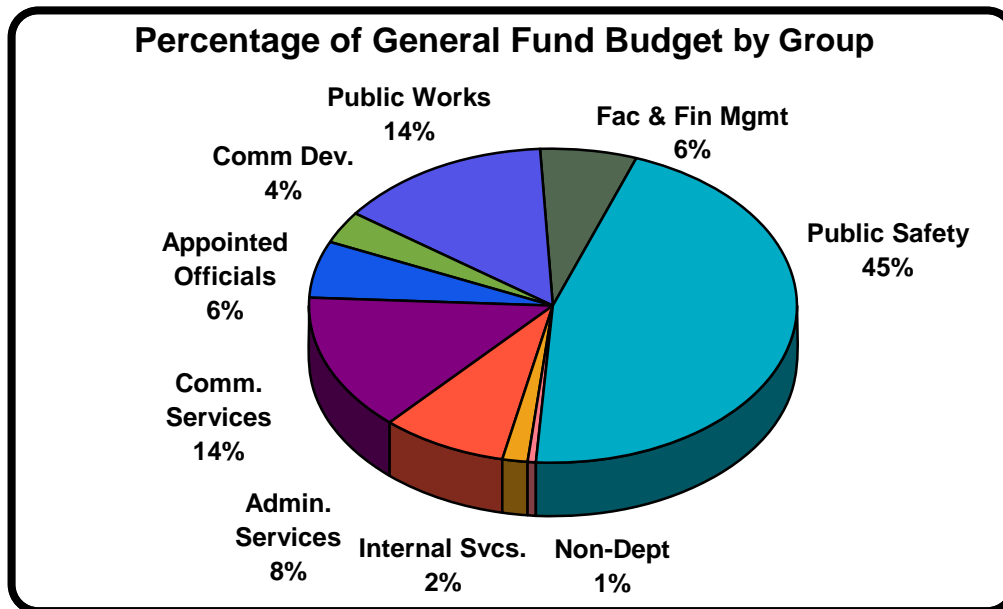
As the accompanying graph indicates, Glendale maintains one of the lowest staff to population ratios of any city in the metro Phoenix area, and does so without sacrificing the quality of services provided to residents. Please note that the ratio for all employee-per-each-1,000 residents is from FY 2008 except for the City of Glendale, which represents the FY 2009 ratio.



General Fund Expenditures

Included in the General Fund total is the Streets Fund. The total operating budget for FY 2009 is \$181.7 million. Public Safety, at 45.5% or \$82.7 million, is the largest component of the General Fund budget, followed by Public Works and Community Services at approximately 14.0%.

These three groups comprise 73.6% of the operating budget. The accompanying graph displays the General Fund budgets by group as a percentage of the whole.



All street-related costs eligible for the Highway User Revenue Fund (HURF) allocation are budgeted as expenses of the Streets Fund and are included in the Public Works group. The following table compares the FY 2009 General Fund operating budgets by group to FY 2008 and includes ongoing and one-time items for both fiscal years.

Table 5: General Fund Budget By Group Comparison

(All Dollars in Thousands)

Group	FY 2008 Budget	FY 2009 Budget	FY 2009 Percent of Total
Public Safety	\$85,642	\$82,735	45.5%
Community Services	\$24,205	\$25,736	14.2%
Public Works	\$15,302	\$25,482	14.0%
Administrative Svcs	\$18,893	\$15,411	8.5%
Fac & Fin Mgmt	\$0	\$11,671	6.4%
Appointed Officials	\$10,361	\$10,398	5.7%
Community Dev.	\$19,079	\$6,375	3.5%
Internal Services	\$11,024	\$2,747	1.5%
Non-Departmental	\$1,632	\$1,109	0.7%
Total	\$186,138	\$181,664	100%

The Facilities and Financial Management group was established as part of a reorganization during FY 2008. Although no new front line departments were actually created, several of the existing departments changed reporting groups.

General Fund Transfers to Other Funds

The General Fund supports a number of other funds within the city. A net transfer amount of \$22.4 million will be transferred to other funds in FY 2009.

The largest of these transfers is \$12.1 million to the Municipal Property Corporation debt service fund to address principal and interest payments related to several capital projects such as the Glendale Media Center and Expo Hall, Convention Center and Parking Garage in the west area, infrastructure for the Zanjero development, the Jobing.com Arena and a portion of the Public Safety Training Facility. The \$12.1 million is the net amount after accounting for revenue per the respective development agreements for the various facilities named above that were constructed with MPC bonds.

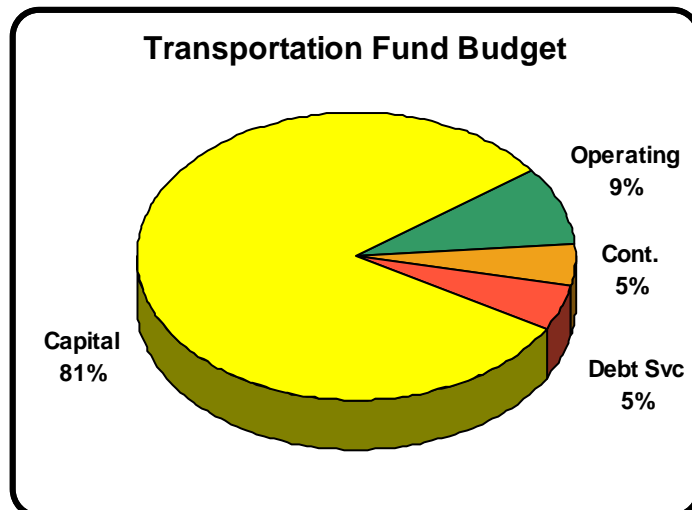
There is a \$3.7 million for the Streets Debt Fund to cover HURF debt service obligations. A total transfer of \$2.5 million is needed for the Stadium and Arena Operations funds, another \$900,000 will go to the Transportation Fund and a transfer of \$861,798 will be made to the Marketing Special Events Fund. Other transfers will go to the Civic Center, Airport, Housing and various grant funds. Transfers between funds are detailed in Schedule 4 of the Schedules section of this document.

Police and Fire Special Revenue Funds Expenditures

These fund resources are primarily designated to support the salaries of additional police officers and firefighters. A total of \$16.4 million will be appropriated from the Police Special Revenue Fund to provide police services, and \$8.6 million from the Fire Special Revenue Fund is designated to provide fire protection and emergency medical services. The Police fund supports 118 police staffing positions while the Fire fund supports 50 fire staffing positions.

Transportation Fund Expenditures

The Transportation funds include operating, capital and debt service expenses related to providing a range of transportation services in accordance with the ballot initiative that Glendale voters approved in a 2001 election. Although the majority of expenditures totaling \$120.6 million are budgeted for capital outlays, the total operating



budget of \$13.1 million is used for Fixed Route services (public transportation) at \$5.8 million and Dial-A-Ride at \$2.6 million. The latter program serves physically challenged residents and individuals with special transportation needs. The Transportation Program Management Division includes funding for the streetlight maintenance contract and program audit services, as well as various other items. The remaining \$2.3 million, or 18% of the operating budget, is used for traffic engineering, safety education, traffic mitigation, management oversight and red light enforcement. Debt service payments totaling \$7.3 million are budgeted for FY 2009 and a contingency appropriation of \$7.0 million is supported by fund balance and will be used at the discretion of Council for any emergencies.

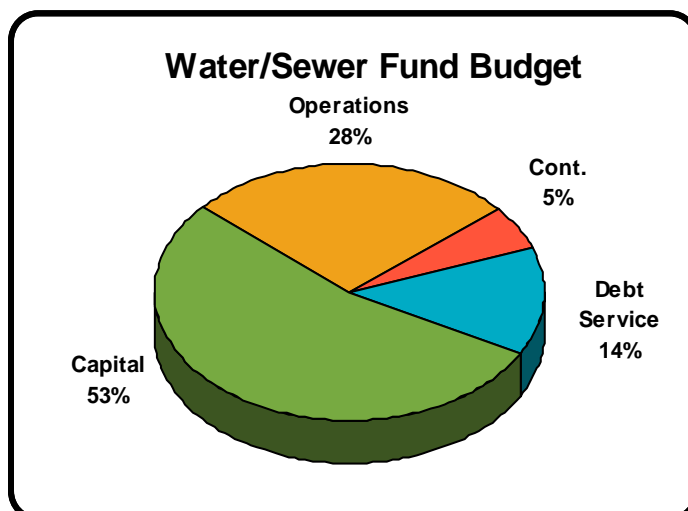
Airport Fund Expenditures

The Airport Fund operating budget is \$656,426, which is funded by airport revenues of \$521,825 with the remainder covered through a transfer from the General Fund. Much of these appropriations fund daily operations at the airport, including fulfilling FAA safety regulations.

Continuing efforts to develop more revenue sources, coupled with prudent cost control measures, have brought the airport much closer to self-sufficiency when comparing revenue sources generated and actual expenditures. Once runway and facility improvements are completed, staff believes the Glendale Airport will be able to attract more corporate jet customers. This, coupled with uses from professional football, hockey and the soon to be completed spring training facility, as well as other major national events occurring in Glendale, could make the city's airport a fully self-sustaining transportation hub for the West Valley.

Water/Sewer Fund Expenditures

In Arizona's desert environment, water treatment and delivery is one of the most essential services the city provides. Glendale is fortunate to have reliable, long-term sources of water from the Salt River Project, the Central Arizona Project (Colorado River water) and groundwater. Although water from these sources is becoming more expensive to obtain and treat, Glendale water rates are reasonable when compared to both local and national standards.



The operating budget for this fund is \$50.5 million for FY 2009, Almost half of this budget, or \$20.5 million, is used to support the Oasis Water Campus; the Cholla and Pyramid Peak Water Treatment Plants; the West Area and Arrowhead Wastewater Treatment Plants; and the regional sewer treatment facility that the City of Phoenix operates through the Sub-Regional Operating Group (SROG). In addition, water distribution, wastewater collection, customer service and

utilities administration costs make up another \$20.9 million. The remaining \$9.1 million covered by the operating budget is used for meter maintenance, central system control, water quality testing and information management services.

Many significant capital projects are planned during FY 2009 which account for the \$97.4 million in capital expenditures, as well as the corresponding \$25.0 million in debt service payments required for those capital projects. The *Capital Improvement Plan* of this book includes project descriptions and detailed cost estimates for all planned water and sewer capital projects. A \$10.0 million contingency appropriation is supported by fund balance and will be used at the direction of City Council for any unplanned emergencies or if any capital construction projects get ahead of schedule.

Sanitation Fund Expenditures

The total operating budget for FY 2009 is \$14.8 million, which is almost unchanged from the \$14.7 million in FY 2008. Residential curb service, which includes trash, recycling and loose trash collection, accounts for \$9.8 million or 66% of the operating budget. The commercial front-load and roll-off divisions account for another 5.0 million. The FY 2009 capital budget includes \$2.8 million for the purchase roll-off trucks and bins, commercial trucks, side load refuse trucks and loose trash equipment.

Landfill Fund Expenditures

The total operating budget for FY 2009 is \$7.3 million, a decrease of about 3% when compared to \$7.5 million in FY 2008. Landfill operations total \$3.2 million, the materials recycling facility \$2.4 million and other recycling \$0.9 million, all of which accounts for 89% of the operating budget. The remaining amount is used for solid waste administration and landfill gas management.

The FY 2009 capital budget includes \$2.0 million of carryover appropriation for landfill gas management expansion, material recycling process improvements, fuel tanker replacement and an entrance signal on Glendale Avenue. The capital budget also includes \$6.6 million for new projects including soil excavation of the north area, which will open once the south area closes, a new compactor, and the replacement of other major equipment. A small debt service payment of \$138,550 is planned and a \$2.0 million contingency appropriation has been established for any unplanned emergencies.

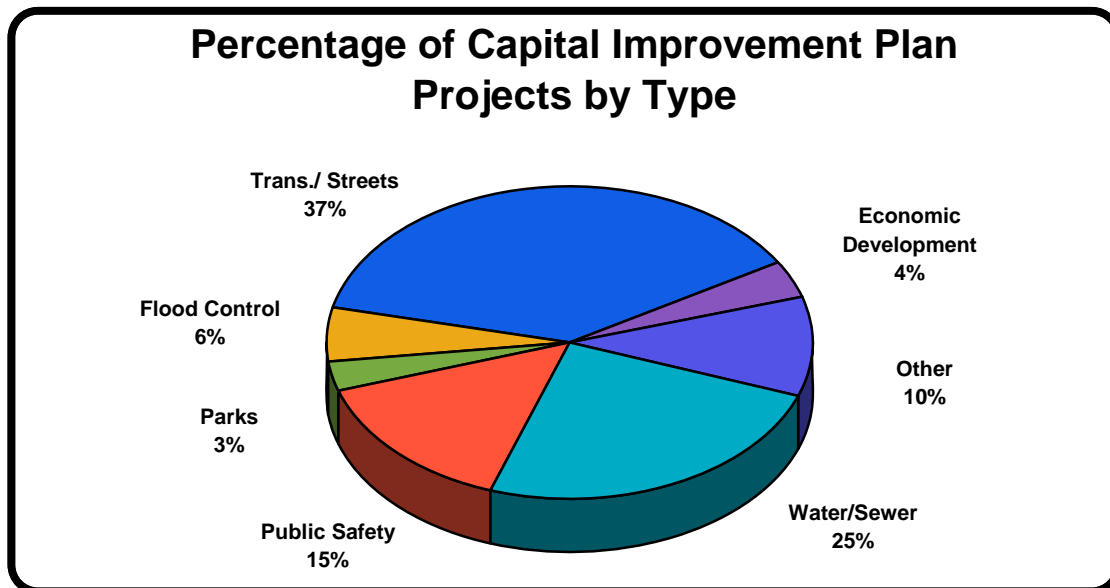
FY 2009 will be the eighth full year of operation for the recycling program, which includes the recycling education and inspection programs and the full cost of the materials recycling facility. Recycling accomplishes a number of city objectives, such as improving the environment, extending the useful life of Glendale's landfill, and generating revenue from the sale of reusable materials.

Benefits Trust Fund Expenditures

The Benefits Trust Fund was created in FY 2001 to track city and employee health care contribution payments and to pay health insurance policy premiums for employees and retirees. The fund currently administers the medical, dental, life insurance and vision plans and coverage for both premiums and claims related expenses. The fund has an operating budget of \$24.5 million for FY 2009. This represents a modest increase of 6.1% from FY 2008 and reflects the rising costs of healthcare premiums and medical claims payments, as well as an increase in the number of FTE's employed by the City, which totaled 104 FTE's for FY 2009.

The beginning fund balance is projected to be approximately \$4.7 million. \$1.0 million of this amount is planned to be used during FY 2009 to help offset the increasing costs of health, dental and life insurance expenses. The City was able to take this approach in part because claims activity was favorable during first half of FY 2008. Therefore, the ending fund balance is projected to be \$3.7 million in FY 2009.

Capital Improvement Plan Expenditures

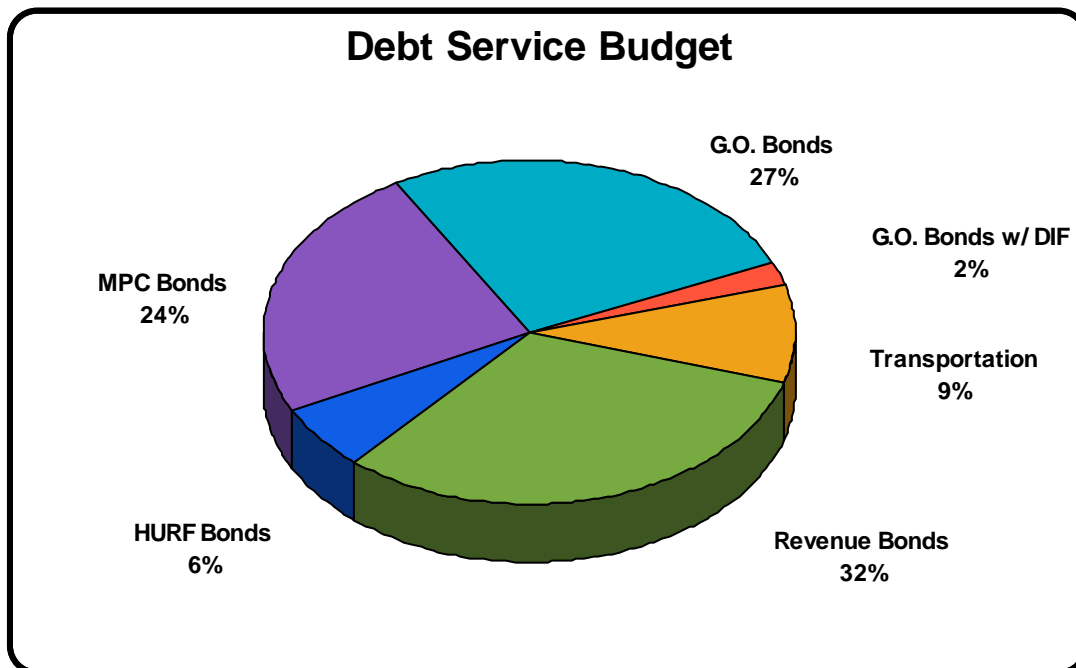


The total capital improvement budget for FY 2009 is \$391.9 million, and 77% of this amount relates to transportation, public safety, water and sewer projects. The \$391.9 million includes carryover appropriation from FY 2008 of \$150.0 million to complete existing projects and \$241.9 million for new projects. This is a decrease of \$26.9 million, or 6.4%, compared to the FY 2008 capital improvement budget of \$418.8 million. The reduction was primarily driven by a year over year reduction in budgeted carryover by \$45.0 million (\$150.0 million in FY 2009 versus \$195.0 million in FY 2008). For more details, please refer to the *Capital Improvement Plan* section of this document.

Debt Service Expenditures

The City has used debt financing for a number of years to finance most capital projects. The amount of debt incurred must be compatible with the City's goals pertaining to the capital program, the financial plan and the operating budget.

The Government Finance Officers Association recommends local governments develop a formal comprehensive debt management plan. The City maintains a formal Debt Management Plan, which is a separate document that the Finance Department develops in conjunction with the Management and Budget Department. The Debt Management Plan is designed to manage the issuance of the city's debt obligations in order to maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the city and necessary for essential services. This section is not intended to review the City's total debt position. That discussion is found in the Debt Management Plan.



The total debt service budget for FY 2009 is \$79.3 million, compared to \$74.4 million in FY 2008. This represents an increase of 6.6% or \$4.9 million which was driven in part by the scheduled principal and interest payments related to Municipal Property Corporation debt issuances for capital projects like the Glendale Media Center and Expo Hall, Convention Center and Parking Garage in the west area, infrastructure for the Zanjero development, the Jobing.com Arena and a portion of the Public Safety Training Facility. The accompanying graph illustrates how the debt service budget is divided among different types of debt service categories. For a discussion about these debt service categories, please see the *Financing the Capital Improvement Plan* section in this budget document.